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FILE COPY

October 10, 2003

By Facsimile and U.S. Mail

Honorable Timothy S. Hogan
United States Magistrate Judge
Potter Stewart U. S. Courthouse, Room 706
100 East Fifth Street
Cincinnati, OH 45202

**Re: Professional Clockery, Inc. v. Li Qiushan, et al.
Civil Action No. C-1-00-1019**

Dear Judge Hogan:

Consistent with our telephone conference on September 11, 2003, this letter is to suggest a protocol for the settlement conference scheduled with Your Honor at 9:00 a.m. on Monday, October 20, 2003. Mr. Overend, defendants' counsel, and I have agreed on the contents of this letter and are submitting it jointly for the Court's consideration.

The Plan is as follows:

1. On Wednesday, October 15, 2003, the parties will each submit in letter form to Your Honor in chambers a statement of their settlement position, along with an analysis of the issues. It is expected that each submission will not exceed ten pages and will be served on opposing counsel. Each side may, if it wishes to do so, also submit at the same time for "judge's eyes only" a confidential supplemental letter containing any suggestions on its settlement objectives and how it believes such objectives might best be achieved.

2. On Friday, October 17, 2003, Mr. Overend and I will confer by telephone regarding our respective submissions and attempt to refine and narrow the issues to the extent possible. If warranted, a letter summarizing any agreements reached in this conference will be submitted to the Court by 4:30 p.m. on October 17, 2003.

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3. On Monday, October 20, 2003, at 9:00 a.m. (Cincinnati time);¹ Mr. Crowder and I will appear in chambers in Cincinnati, along with Mr. Harmon, and Mr. Overend and Mr. Edwin Li in San Francisco and Mr. Rick Li from China will call in to the Court's conference number.

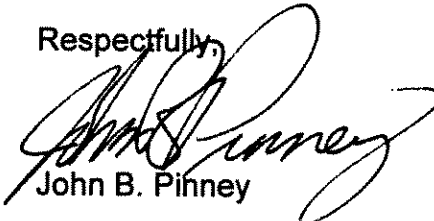
4. At the opening of the telephone conference, we suggest that Your Honor briefly describe the settlement process to the parties, including matters of confidentiality, and ask any questions the Court may have as may be indicated by the written submissions. Your Honor would then proceed with initial caucuses, first with defendants' side (by telephone) and then with plaintiff's side. The initial caucuses are to be completed by about 10:00 a.m.

5. After the initial caucuses, we suggest that the Court reconnect with Mr. Overend and discuss with counsel for both sides their suggestions as to how to go forward (e.g., further private caucuses or a plenary session to attempt to complete a settlement based on the Court's recommendation). Mr. Crowder and both Rick and Edwin Li may be added as appropriate and indicated from the discussions with counsel. It is expected that the entire conference should be completed by about 11:00 a.m.

Mr. Overend and I will assume that the foregoing plan is agreeable with the Court and will proceed accordingly unless we hear otherwise.

On behalf of both sides, we very much appreciate Your Honor's willingness to assist in our efforts to achieve a reasonable settlement of this difficult dispute.

Respectfully,



John B. Pinney

JBP/tsl

c: Jeffrey Harmon, Esq.
William Overend, Esq.

¹ 6:00 a.m. San Francisco time; 9:00 p.m. Chinese time.